

November 4, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF LEASE ASSIGNMENTS FOR PARCEL 12R (DEAUVILLE MARINA)
AND PARCEL 15U (BAR HARBOR MARINA) – MARINA DEL REY
(4th DISTRICT)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed assignments are categorically exempt under the California Environmental Quality Act pursuant to Class 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Approve and authorize the Chair of the Board to sign three copies each of the Consent of County of Los Angeles to Assignment of Lease for Parcel 12R and Consent of County of Los Angeles to Assignment of Lease for Parcel 15U (Consents) from the current lessee, Marina Two Holding Partnership, to Esprit One LLC, a California limited liability company, and Esprit Two LLC, a California limited liability company, respectively.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Marina Two Holding Partnership (MTHP), a California limited partnership, is the lessee of Parcels 12R and 15U in Marina del Rey by virtue of a previous assignment, approved by your Board on December 26, 1984.

On January 4, 2000, your Board approved an Option to Amend Lease Agreements (Option) for both parcels and an Amended and Restated Lease Agreement (Restated Lease) for each parcel, which leases, upon appropriate exercise of the Option, will be extended for an additional 39 years to facilitate construction of a total of 1,022 new apartments and 468 new boat slips, a public promenade around both parcels and other project improvements.

In anticipation of its exercise of the Option and in order to facilitate its project financing, comply with lender requirements and more efficiently administer construction loans and permanent financing associated with planned redevelopment of the two leaseholds, MTHP now seeks to restructure its organization by assigning its interests in each leasehold to separate entities. MTHP is requesting the County's consent to assignment of its leasehold interest in Parcel 12R to Esprit One LLC (Esprit I), a California limited liability company, and assignment of its leasehold interest in Parcel 15U to Esprit Two LLC (Esprit II), a California limited liability company.

Section 22 of the leases for each parcel requires that the County consent to such an assignment and that such consent may not be unreasonably withheld. Departmental policy conditions approval of lease assignments based on the following criteria: (a) the financial condition of the assignee(s); (b) the price to be paid for the leasehold(s) as it relates to the existing development thereon; and (c) management of the leasehold(s) by the new lessee being in the best interests of the Marina as a whole.

Our review has found: 1) a reorganization of the ownership interests in MTHP is necessary to facilitate new financing and the resulting leasehold entities will emerge in appropriate financial condition to operate the leasehold. Additionally, the existing guaranty of leasehold obligations will be replaced by new guarantees for each parcel by the same guarantors as currently guaranty the leaseholds' obligations, Douglas R. Ring, individually, and the Ring-Miscikowski Trust (Guarantors); 2) the proposed transfers are a reorganization of lessee's ownership structure and do not involve a sale of the leaseholds and there is, therefore, no price component involved in the proposed assignments; and 3) the leaseholds will continue to be managed by the current manager, Douglas R. Ring, who has been managing both parcels since 1998.

The Department is requesting your execution of the attached Consents (Exhibits 1 and 2) to the proposed assignments be conditioned by the execution of the attached guarantees (Exhibits 3 and 4) by Guarantors. A diagram (Exhibit 5) has been attached that delineates the existing and proposed structure of ownership of the leaseholds.

Implementation of Strategic Plan Goals

This recommendation is consistent with the County's Strategic Plan Goal of Service Excellence, in that while maintaining appropriate management of the leaseholds and appropriate protection of County interests, it allows transfer of ownership interests that will facilitate financing and construction of new improvements to the leaseholds.

FISCAL IMPACT/FINANCING

There is no financial impact to the County as a result of the assignments.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County entered into two 60-year leases with the lessee's predecessor on September 21, 1962 for Parcel 15U and December 21, 1962 for Parcel 12R. A series of assignments of leasehold interests have taken place since, with the result that the current lessee of both parcels is MTHP. MTHP is a California limited partnership whose general partner is DR15 Company, LLC, a California limited liability company (DR15). The members of DR15 are: Douglas R. Ring, Cynthia A. Miscikowski, and Douglas R. Ring and Cynthia A. Miscikowski as Trustees of the Ring-Miscikowski Trust. Following the proposed assignments to Esprit I and Esprit II, MTHP will become the sole member of both Esprit I and Esprit II and the manager of each of will be Douglas R. Ring. There is no change in the underlying beneficial ownership of the leaseholds.

The leaseholds are currently improved with 408 apartments and 717 boat slips. Redevelopment that will be enabled with consent of these assignments and resulting project financing will improve the properties with 1,022 new apartments, 468 new boat slips, a new promenade and 10,000 square feet of retail space serving the project residents and visitors.

At its meeting of August 27, 2003, the Small Craft Harbor Commission approved the Director's recommendation to execute the Consents. The Consents have been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

Approval of the assignments sought herein are categorically exempt under the California Environmental Quality Act pursuant to class 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines. The County, acting through the Regional Planning Commission, has previously certified the project final environmental impact report for the proposed landside and waterside redevelopment/replacement contemplated to be performed under the Restated Leases. The California Coastal Commission has issued its final Coastal Development Permit (CDP) for the waterside portion of the project development. The Coastal Commission has also issued a permit subject to conditions for the landside development of the project, which, once the conditions are satisfied, will result in the final approval and issuance of the landside CDP.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable.

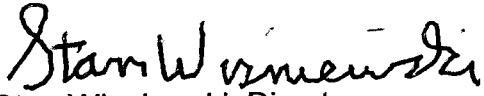
CONCLUSION

A separate Consent has been prepared for each lease assignment. Your Board is requested to instruct the Executive Officer, Clerk of the Board to acknowledge the Chair's signature on the

The Honorable Board of Supervisors
November 4, 2003
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attached six copies (three for each parcel) of the Consents and send two copies of each Consent to the Department of Beaches and Harbors.

Respectfully submitted,


Stan Wisniewski, Director

SW:RM:AK:SI

Attachments (5)

c: Chief Administrative Officer
Executive Officer, Board of Supervisors
County Counsel

EXHIBIT 1

**CONSENT TO ASSIGNMENT OF LEASE
PARCEL 12R**

NOVEMBER 4, 2003

CONSENT TO ASSIGNMENT OF LEASE

The COUNTY OF LOS ANGELES (County), lessor under that certain lease No. 6416, dated December 21, 1962, as amended and including that certain Option to Amend Lease Agreements No. 72582, dated January 28, 2000 (hereinafter collectively referred to as Lease), applicable to those certain premises commonly known as Parcel 12R, Marina del Rey Small Craft Harbor, described in the attachment hereto and incorporated herein by this reference, does hereby consent to the assignment of said Lease by the present lessee, MARINA TWO HOLDING PARTNERSHIP, a California limited partnership (Assignor), to Esprit One LLC, a California limited liability company (Assignee), in accordance with that certain Assignment of Lease and that certain Acceptance of Assignment of Lease prepared in connection with the proposed assignment contemplated thereby. It is further understood and agreed that the County's consent to the proposed assignment described herein is subject to the following express conditions:

- A. This Consent to Assignment shall be null and void and of no further force or effect, until and unless the assignment above referred to is complete and irrevocable in all respects within 120 days of the date of execution by the County of this Consent to Assignment of Lease and executed copies of the Assignment of Lease and Acceptance of Assignment of Lease have been provided to County's Director of Beaches and Harbors.
- B. This Consent to Assignment is contingent upon Assignee's assumption and agreement to perform all obligations past, present and future, created by the terms, covenants and conditions of said Lease on the part of the lessee therein named to be performed.
- C. This Consent to Assignment is also contingent upon the execution of the Guaranty of Lease by Douglas R. Ring, an individual, and Douglas R. Ring and Cynthia A. Miscikowski as Trustees of the Ring-Miscikowski Trust in favor of County and delivery of the executed Guaranty of Lease to County's Director of Beaches and Harbors within 120 days of the date of execution by the County of this Consent to Assignment of Lease.
- D. Nothing herein shall be deemed to expressly or implicitly modify the terms and conditions of that certain Option to Amend Lease Agreements No. 72582, dated January 28, 2000, and the proposed Amended and Restated Lease Agreement attached thereto.
- E. This assignment, having once become complete and irrevocable in all respects, shall thereafter be fully binding upon the Assignee whether or not the Assignor and Assignee have entered into a separate agreement or understanding to which the County is not a party and which provides for or

otherwise purports to affect the assignment, and whether or not in such event any party thereto alleges, claims or otherwise shows or proves that there has been a breach, default, violation, or termination of any such separate agreement.

- F. Assignee shall not make any further assignment or sublease of the Lease, nor any portion thereof, without the written consent of County as lessor having first been obtained thereto in accordance with, and to the extent required by, the provisions of the Lease.

Dated this ____ day of _____, 2003.

COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

ATTEST:
VIOLET VARONA-LUKENS,
Executive Officer of
The Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM
BY COUNTY COUNSEL

LLOYD W. PELLMAN

By:  _____
Deputy

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. 12R

Parcels 133 to 149 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said County.

Reserving and excepting unto the County of Los Angeles rights of way for sanitary sewer, storm drain, fire access and harbor utility purposes in and across those portions thereof designated on said map as easements to be reserved by said County for such purposes.

DESCRIPTION APPROVED

August 26, 1969

JOHN A. LAMBIE

County Engineer

By *Edgar J. Anderson* Deputy

EXHIBIT 2

**CONSENT TO ASSIGNMENT OF LEASE
PARCEL 15U**

NOVEMBER 4, 2003

CONSENT TO ASSIGNMENT OF LEASE

The COUNTY OF LOS ANGELES (County), lessor under that certain lease No. 6126, dated September 21, 1962, as amended and including that certain Option to Amend Lease Agreements No. 72582, dated January 28, 2000 (hereinafter collectively referred to as Lease), applicable to those certain premises commonly known as Parcel 15U, Marina del Rey Small Craft Harbor, described in the attachment hereto and incorporated herein by this reference, does hereby consent to the assignment of said Lease by the present lessee, MARINA TWO HOLDING PARTNERSHIP, a California limited partnership (Assignor), to Esprit Two LLC, a California limited liability company (Assignee), in accordance with that certain Assignment of Lease and that certain Acceptance of Assignment of Lease prepared in connection with the proposed assignment contemplated thereby. It is further understood and agreed that the County's consent to the proposed assignment described herein is subject to the following express conditions:

- A. This Consent to Assignment shall be null and void and of no further force or effect, until and unless the assignment above referred to is complete and irrevocable in all respects within 120 days of the date of execution by the County of this Consent to Assignment of Lease and executed copies of the Assignment of Lease and Acceptance of Assignment of Lease have been provided to County's Director of Beaches and Harbors.
- B. This Consent to Assignment is contingent upon Assignee's assumption and agreement to perform all obligations past, present and future, created by the terms, covenants and conditions of said Lease on the part of the lessee therein named to be performed.
- C. This Consent to Assignment is also contingent upon the execution of the Guaranty of Lease by Douglas R. Ring, an individual, and Douglas R. Ring and Cynthia A. Miscikowski as Trustees of the Ring-Miscikowski Trust in favor of County and delivery of the executed Guaranty of Lease to County's Director of Beaches and Harbors within 120 days of the date of execution by the County of this Consent to Assignment of Lease.
- D. Nothing herein shall be deemed to expressly or implicitly modify the terms and conditions of that certain Option to Amend Lease Agreements No. 72582, dated January 28, 2000, and the proposed Amended and Restated Lease Agreement attached thereto.
- E. This assignment, having once become complete and irrevocable in all respects, shall thereafter be fully binding upon the Assignee whether or not the Assignor and Assignee have entered into a separate agreement or understanding to which the County is not a party and which provides for or

otherwise purports to affect the assignment, and whether or not in such event any party thereto alleges, claims or otherwise shows or proves that there has been a breach, default, violation, or termination of any such separate agreement.

- F. Assignee shall not make any further assignment or sublease of the Lease, nor any portion thereof, without the written consent of County as lessor having first been obtained thereto in accordance with, and to the extent required by, the provisions of the Lease.

Dated this ____ day of _____, 2003.

COUNTY OF LOS ANGELES

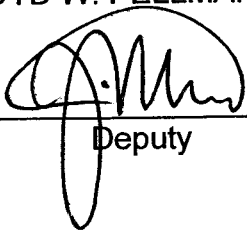
By: _____
Chair, Board of Supervisors

ATTEST:
VIOLET VARONA-LUKENS,
Executive Officer of
The Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM
BY COUNTY COUNSEL

LLOYD W. PELLMAN

By:  _____
Deputy

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. 15U

Parcels 189 to 225 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said County.

Excepting therefrom that portion thereof within the following described boundaries:

Beginning at the southwesterly corner of said Parcel 189; thence East along the southerly line of said last mentioned parcel to the easterly line of the westerly 3.5 feet of said last mentioned parcel; thence North along said easterly line and its northerly prolongation 731.00 feet to the beginning of a curve concave to the southeast, having a radius of 15 feet, tangent to said northerly prolongation and tangent to a line parallel with and 4 feet southerly, measured at right angles, from the straight line in the northerly boundary of said Parcel 202; thence northeasterly along said curve 23.56 feet to said parallel line; thence East along said parallel line 4.00 feet; thence North 4.00 feet to said northerly boundary; thence westerly, southwesterly and southerly along the northerly, northwesterly and westerly boundaries of said last mentioned parcel to the southwesterly corner of said last mentioned parcel; thence South along the westerly lines of said Parcels 200, 198, 196, 193, 191 and 189 a distance of 600.00 feet to the point of beginning.

Also reserving and excepting unto the County of Los Angeles a right of way for drainage purposes in and across that portion of above described parcel of land which lies within the northerly 15 feet of the westerly 12 feet of the easterly 22 feet of said Parcel 210.

Also reserving and excepting unto the County of Los Angeles rights of way for sanitary sewer, fire access and harbor utility purposes in and across those portions thereof designated on said map as easement to be reserved by said County for such purposes.

DESCRIPTION APPROVED

JUL 14 1961

HARVEY T. BRANDT
County Engineer

By James L. Brandt Deputy

EXHIBIT 3

**GUARANTY OF LEASE
PARCEL 12R**

NOVEMBER 4, 2003

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (Guaranty) is executed as of this 31 day of August 2003, by Douglas R. Ring, an individual, and Douglas R. Ring and Cynthia A. Miskowskias Trustees of the Ring-Miskowski Trust (collectively, the Guarantors) in favor of the County of Los Angeles (County), with reference to the following facts:

- A) Marina Two Holding Partnership, a California limited partnership (MTHP), is the current lessee under that certain lease number 6416, dated December 21, 1962, as amended, made and entered into between the County as lessor and the predecessors in interest of MTHP, covering the leased premises situated in the Marina del Rey Small Craft Harbor of the County of Los Angeles, hereinafter sometimes referred to as Parcel 12R, legally described in the attachment hereto and incorporated herein (the lease, as amended, is hereafter referred to as the Lease).
- B) Douglas R. Ring, an individual, and The Ring-Miskowski Trust, the Guarantors hereunder, have each previously executed a Guaranty of Lease in favor of the County, unconditionally guaranteeing the timely payment of all amounts that MTHP may at any time owe under the Lease.
- C) MTHP now proposes to assign its interest in the Lease to Esprit One LLC, a California limited liability company (Esprit I), and County has required the execution and delivery of this Guaranty by Guarantors as a condition to its consent to the aforementioned assignment.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Guarantors hereby agree as follows:

1. Guarantors, and each of them, hereby unconditionally guarantee to County and its successors and assigns the timely payment of all amounts that Esprit I may at any time owe under the Lease, or any extensions, renewals or modifications of the Lease, and further guarantee to County the full, faithful and timely performance by Esprit I of all of the covenants, terms and conditions of the Lease, or any extensions, renewals or modifications of the Lease (collectively, Esprit I's Obligations). If Esprit I shall fail at any time to pay any rent or any other sums, costs or charges whatsoever, or to perform any of the other covenants and obligations of Esprit I under the Lease, then Guarantors, at their expense, shall on demand by County fully and promptly pay all rent, sums, costs and charges to be paid and perform all other covenants and obligations to be performed by Esprit I under or pursuant to the Lease, and in addition shall, on demand by County, pay to County any and all sums due to County, including, without limitation, all interest on past due obligations of Esprit I, costs advanced by County, damages and all expenses incurred by County, including reasonable attorneys' fees and costs that may arise in consequence of Esprit I's default under the Lease and in County's seeking to enforce this Guaranty.

2. The obligations of Guarantors hereunder are independent of the obligations of Esprit I. A separate action or actions may, at County's option, be brought and prosecuted against Guarantors individually or jointly, whether or not an action is first or subsequently brought against Esprit I, or whether or not Esprit I is joined in any such action, and Guarantors may be joined in any action or proceeding commenced by County against Esprit I arising out of, in connection with, or based on the Lease. Guarantors waive any and all surety defenses or other defenses in the nature thereof, including, without limitation, the provisions of California Civil Code Sections 2809, 2810, 2819, 2848, 2839, 2845, 2849, 2850, 2899 and 3433 or any similar, related or successor provisions of law. In addition, Guarantors hereby waive any right to: (a) require County to proceed against Esprit I or any other person or entity or pursue any other remedy in County's power whatsoever; (b) notice of acceptance of this Guaranty; (c) complain of delay in the enforcement of County's rights under the Lease or under this Guaranty; (d) require County to proceed against or exhaust any security held from Esprit I or Guarantors; and (e) require County to apply to any default any security deposit held by County. Guarantors waive any defense arising by reason of any disability or other defense of Esprit I or by reason of the cessation arising from any cause whatsoever of the liability of Esprit I. Guarantors waive all demands upon and notices to Esprit I and to Guarantors, including, without limitation, demands for payment, presentation, protest or performance, and notices of dishonor, nonperformance or nonpayment.

3. Any act of County, or its successors or assigns, consisting of a waiver of any of the terms or conditions of the Lease, or the granting of any indulgences or extensions of time to Esprit I, may be done without notice to Guarantors and without releasing Guarantors from any of their obligations hereunder.

4. Guarantors' liability hereunder shall in no way be affected by: (a) the release or discharge of Esprit I in any creditors' receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of the liability of Esprit I or the estate of Esprit I in bankruptcy, or of any remedy for the enforcement of Esprit I's liability under the Lease resulting from the operation of any present or future provision of the Bankruptcy Code or any successor statute or any other statute or from the decision of any court; (c) County's receipt, application or release of any security given for Esprit I's performance and observance of Esprit I's obligations; (d) the rejection or disaffirmance of the Lease or subletting of the premises by Esprit I; (f) the assignment or transfer of the Lease or this Guaranty by County; (g) the exercise by County of any of its rights or remedies reserved under the Lease or by law; or (h) any termination of the Lease except by expiration at the end of the lease term pursuant to its terms. Notwithstanding the foregoing, Guarantors' obligations under this Guaranty shall not extend to any approved assignee of Esprit I, as lessee under the Lease, following the County's approval of such assignee and the effective date of such assignment.

5. County and Esprit I shall have the right to modify, amend, supplement or change any of the terms, provisions, covenants or conditions contained in the Lease, including, without limitation, any increase in the rental or other charges payable thereunder, or renew or extend the term of the Lease, without giving notice thereof to Guarantors, and Guarantors' liability hereunder shall in no way be affected thereby. Guarantors' obligations hereunder shall include such modifications, amendments, changes, supplements, renewals or extensions of the Lease.

6. Until all of Esprit I's Obligations are fully performed and observed: (a) Guarantors shall have no right of subrogation against Esprit I by reason of any payments or acts of performance by Guarantors hereunder; and (b) Guarantors hereby subordinate any liability or the indebtedness of MTHP now or hereafter held by Guarantors to the obligations of Esprit I to County under the Lease.

7. Guarantors acknowledge that individually and collectively they will receive substantial benefits by County's consent to the assignment described in Recital C of this Guaranty and that County would not have agreed to said assignment absent this Guaranty and that such consent by County constitutes good and valuable consideration for the Guaranty.

8. This instrument constitutes the entire agreement between County and Guarantors with respect to the subject matter hereof.

9. This Guaranty shall be governed by and construed in accordance with the laws of the State of California.

10. Should County desire to give any notice to Guarantors, such notice shall be in writing and may be given by personal service or by mail, postage prepaid, to Guarantors, at their addresses indicated below. Guarantors may, by written notice to County, designate different addresses for notice purposes. Any notice sent by mail shall be deemed delivered within three (3) business days after mailing.

11. In the event of any action or proceeding to interpret or enforce the provisions of this Guaranty, the prevailing party in such action or proceeding shall be entitled to recover from the other party all of their costs and expenses relating thereto, including without limitation, reasonable attorneys' fees approved by the Court.

12. County may assign this Guaranty, in whole or part, without notice, in connection with the sale, transfer, or assignment of its interest in the Lease. Upon any such transfer or sale of the subject real property, or the assignment of the Lease by County, or upon the transfer of the Lease otherwise by operation of law, this Guaranty shall pass to and may be enforced by any such transferee.

13. If all or any portion of the obligations guaranteed hereunder are paid or performed, Guarantors' obligations hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from County as a preference, fraudulent transfer or otherwise, irrespective of: (a) any notice of revocation given by Guarantors prior to such avoidance or recovery; and (b) full performance under the Lease.

14. No terms or provisions of this Guaranty may be changed, waived, revoked or amended without County's prior written consent. Should any provision of this Guaranty be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective.

15. This Guaranty shall inure to the benefit of County and its successors and assigns and shall bind Guarantors and Guarantors' respective heirs, executors, administrators, successors and assigns.

16. Guarantors' obligations under this Guaranty are both individual and collective, and each of them is fully liable to perform all of the obligations of the Guarantors hereunder.

17. For purposes of this Guaranty the addresses of Guarantors are:

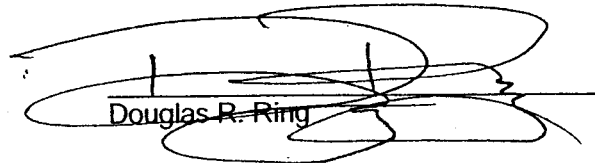
Douglas R. Ring: 11377 West Olympic Blvd.
Box 13
Los Angeles, CA 90064

Douglas R. Ring, Trustee: 11377 West Olympic Blvd.
Cynthia A. Miscikowski, Trustee Box 13
Ring-Miscikowski Trust: Los Angeles, CA 90064

IN WITNESS WHEREOF, Guarantors have executed this Guaranty as of the date first written above.

GUARANTORS

Douglas R. Ring, an Individual


Douglas R. Ring

The Ring-Miscikowski Trust

By: 
Douglas R. Ring, Trustee

By: 
Cynthia A. Miscikowski, Trustee

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. 12R

Parcels 133 to 149 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said County.

Reserving and excepting unto the County of Los Angeles rights of way for sanitary sewer, storm drain, fire access and harbor utility purposes in and across those portions thereof designated on said map as easements to be reserved by said County for such purposes.

DESCRIPTION APPROVED

August 26, 1969

JOHN A. LAMBIE

County Engineer

By Edgar Schubert Deputy

EXHIBIT 4

**GUARANTY OF LEASE
PARCEL 15U**

NOVEMBER 4, 2003

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (Guaranty) is executed as of this 31 day of August 2003, by Douglas R. Ring, an individual and Douglas R. Ring and Cynthia A. Miskowskias Trustees of the Ring-Miskowski Trust (collectively, the Guarantors) in favor of the County of Los Angeles (County), with reference to the following facts:

- A) Marina Two Holding Partnership, a California limited partnership (MTHP), is the current lessee under that certain lease number 6126, dated September 21, 1962, as amended, made and entered into between the County as lessor and the predecessors in interest of MTHP, covering the leased premises situated in the Marina del Rey Small Craft Harbor of the County of Los Angeles, hereinafter sometimes referred to as Parcel 15U, legally described in the attachment hereto and incorporated herein (the lease, as amended, is hereafter referred to as the Lease).
- B) Douglas R. Ring, an individual, and The Ring-Miscikowski Trust, the Guarantors hereunder, have each previously executed a Guaranty of Lease in favor of the County, unconditionally guaranteeing the timely payment of all amounts that MTHP may at any time owe under the Lease.
- C) MTHP now proposes to assign its interest in the Lease to Esprit II, LLC, a California limited liability company (Esprit II), and County has required the execution and delivery of this Guaranty by Guarantors as a condition to its consent to the aforementioned assignment.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Guarantors hereby agree as follows:

1. Guarantors, and each of them, hereby unconditionally guarantee to County and its successors and assigns the timely payment of all amounts that Esprit II may at any time owe under the Lease, or any extensions, renewals or modifications of the Lease, and further guarantee to County the full, faithful and timely performance by Esprit II of all of the covenants, terms and conditions of the Lease, or any extensions, renewals or modifications of the Lease (collectively, Esprit II's Obligations). If Esprit II shall fail at any time to pay any rent or any other sums, costs or charges whatsoever, or to perform any of the other covenants and obligations of Esprit II under the Lease, then Guarantors, at their expense, shall on demand by County fully and promptly pay all rent, sums, costs and charges to be paid and perform all other covenants and obligations to be performed by Esprit II under or pursuant to the Lease, and in addition shall, on demand by County, pay to County any and all sums due to County, including, without limitation, all interest on past due obligations of Esprit II, costs advanced by County, damages and all expenses incurred by County, including reasonable attorneys' fees and costs that may arise in consequence of Esprit II's default under the Lease and in County's seeking to enforce this Guaranty.

2. The obligations of Guarantors hereunder are independent of the obligations of Esprit II. A separate action or actions may, at County's option, be brought and prosecuted against Guarantors individually or jointly, whether or not an action is first or subsequently brought against Esprit II, or whether or not Esprit II is joined in any such action, and Guarantors may be joined in any action or proceeding commenced by County against Esprit II arising out of, in connection with, or based on the Lease. Guarantors waive any and all surety defenses or other defenses in the nature thereof, including, without limitation, the provisions of California Civil Code Sections 2809, 2810, 2819, 2848, 2839, 2845, 2849, 2850, 2899 and 3433 or any similar, related or successor provisions of law. In addition, Guarantors hereby waive any right to: (a) require County to proceed against Esprit II or any other person or entity or pursue any other remedy in County's power whatsoever; (b) notice of acceptance of this Guaranty; (c) complain of delay in the enforcement of County's rights under the Lease or under this Guaranty; (d) require County to proceed against or exhaust any security held from Esprit II or Guarantors; and (e) require County to apply to any default any security deposit held by County. Guarantors waive any defense arising by reason of any disability or other defense of Esprit II or by reason of the cessation arising from any cause whatsoever of the liability of Esprit II. Guarantors waive all demands upon and notices to Esprit II and to Guarantors, including, without limitation, demands for payment, presentation, protest or performance, and notices of dishonor, nonperformance or nonpayment.

3. Any act of County, or its successors or assigns, consisting of a waiver of any of the terms or conditions of the Lease, or the granting of any indulgences or extensions of time to Esprit II, may be done without notice to Guarantors and without releasing Guarantors from any of their obligations hereunder.

4. Guarantors' liability hereunder shall in no way be affected by: (a) the release or discharge of Esprit II in any creditors' receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of the liability of Esprit II or the estate of Esprit II in bankruptcy, or of any remedy for the enforcement of Esprit II's liability under the Lease resulting from the operation of any present or future provision of the Bankruptcy Code or any successor statute or any other statute or from the decision of any court; (c) County's receipt, application or release of any security given for Esprit II's performance and observance of Esprit II's obligations; (d) the rejection or disaffirmance of the Lease or subletting of the premises by Esprit II; (e) the assignment or transfer of the Lease or this Guaranty by County; (f) the exercise by County of any of its rights or remedies reserved under the Lease or by law; or (g) any termination of the Lease except by expiration at the end of the lease term pursuant to its terms. Notwithstanding the foregoing, Guarantors' obligations under this Guaranty shall not extend to any approved assignee of Esprit II, as lessee under the Lease, following the County's approval of such assignee and the effective date of such assignment.

5. County and Esprit II shall have the right to modify, amend, supplement or change any of the terms, provisions, covenants or conditions contained in the Lease, including, without limitation, any increase in the rental or other charges payable thereunder, or renew or extend the term of the Lease, without giving notice thereof to Guarantors, and Guarantors' liability hereunder shall in no way be affected thereby. Guarantors' obligations hereunder shall include such modifications, amendments, changes, supplements, renewals or extensions of the Lease.

6. Until all of Esprit II's Obligations are fully performed and observed: (a) Guarantors shall have no right of subrogation against Esprit II by reason of any payments or acts of performance by Guarantors hereunder; and (b) Guarantors hereby subordinate any liability or the indebtedness of MTHP now or hereafter held by Guarantors to the obligations of Esprit II to County under the Lease.

7. Guarantors acknowledge that individually and collectively they will receive substantial benefits by County's consent to the assignment described in Recital C of this Guaranty and that County would not have agreed to said assignment absent this Guaranty and that such consent by County constitutes good and valuable consideration for the Guaranty.

8. This instrument constitutes the entire agreement between County and Guarantors with respect to the subject matter hereof.

9. This Guaranty shall be governed by and construed in accordance with the laws of the State of California.

10. Should County desire to give any notice to Guarantors, such notice shall be in writing and may be given by personal service or by mail, postage prepaid, to Guarantors, at their addresses indicated below. Guarantors may, by written notice to County, designate different addresses for notice purposes. Any notice sent by mail shall be deemed delivered within three (3) business days after mailing.

11. In the event of any action or proceeding to interpret or enforce the provisions of this Guaranty, the prevailing party in such action or proceeding shall be entitled to recover from the other party all of their costs and expenses relating thereto, including without limitation, reasonable attorneys' fees approved by the Court.

12. County may assign this Guaranty, in whole or part, without notice, in connection with the sale, transfer, or assignment of its interest in the Lease. Upon any such transfer or sale of the subject real property, or the assignment of the Lease by County, or upon the transfer of the Lease otherwise by operation of law, this Guaranty shall pass to and may be enforced by any such transferee.

13. If all or any portion of the obligations guaranteed hereunder are paid or performed, Guarantors' obligations hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from County as a preference, fraudulent transfer or otherwise, irrespective of: (a) any notice of revocation given by Guarantors prior to such avoidance or recovery; and (b) full performance under the Lease.

14. No terms or provisions of this Guaranty may be changed, waived, revoked or amended without County's prior written consent. Should any provision of this Guaranty be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective.

15. This Guaranty shall inure to the benefit of County and its successors and assigns and shall bind Guarantors and Guarantors' respective heirs, executors, administrators, successors and assigns.

16. Guarantors' obligations under this Guaranty are both individual and collective, and each of them is fully liable to perform all of the obligations of the Guarantors hereunder.

17. For purposes of this Guaranty the addresses of Guarantors are:

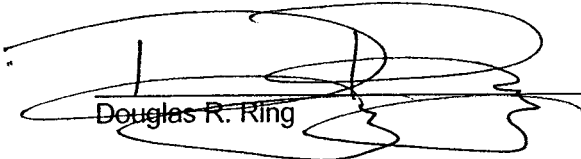
Douglas R. Ring: 11377 West Olympic Blvd.
Box 13
Los Angeles, CA 90064

Douglas R. Ring, Trustee: 11377 West Olympic Blvd.
Cynthia A. Miscikowski, Trustee Box 13
Ring-Miscikowski Trust: Los Angeles, CA 90064

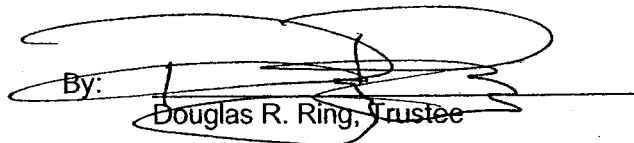
IN WITNESS WHEREOF, Guarantors have executed this Guaranty as of the date first written above.

GUARANTORS

Douglas R. Ring, an Individual


Douglas R. Ring

The Ring-Miscikowski Trust

By: 
Douglas R. Ring, Trustee

By: 
Cynthia A. Miscikowski, Trustee

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. 150

Parcels 189 to 225 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said County.

Excepting therefrom that portion thereof within the following described boundaries:

Beginning at the southwesterly corner of said Parcel 189; thence East along the southerly line of said last mentioned parcel to the easterly line of the westerly 3.5 feet of said last mentioned parcel; thence North along said easterly line and its northerly prolongation 731.00 feet to the beginning of a curve concave to the southeast, having a radius of 15 feet, tangent to said northerly prolongation and tangent to a line parallel with and 4 feet southerly, measured at right angles, from the straight line in the northerly boundary of said Parcel 202; thence northeasterly along said curve 23.56 feet to said parallel line; thence East along said parallel line 4.00 feet; thence North 4.00 feet to said northerly boundary; thence westerly, southwesterly and southerly along the northerly, northwesterly and westerly boundaries of said last mentioned parcel to the southwesterly corner of said last mentioned parcel; thence South along the westerly lines of said Parcels 200, 198, 196, 193, 191 and 189 a distance of 600.00 feet to the point of beginning.

Also reserving and excepting unto the County of Los Angeles a right of way for drainage purposes in and across that portion of above described parcel of land which lies within the northerly 15 feet of the westerly 12 feet of the easterly 22 feet of said Parcel 210.

Also reserving and excepting unto the County of Los Angeles rights of way for sanitary sewer, fire access and harbor utility purposes in and across those portions thereof designated on said map as easement to be reserved by said County for such purposes.

DESCRIPTION APPROVED

JUL 14 1961

HARVEY T. BRANDT
County Engineer

By *James H. Smith* Deputy

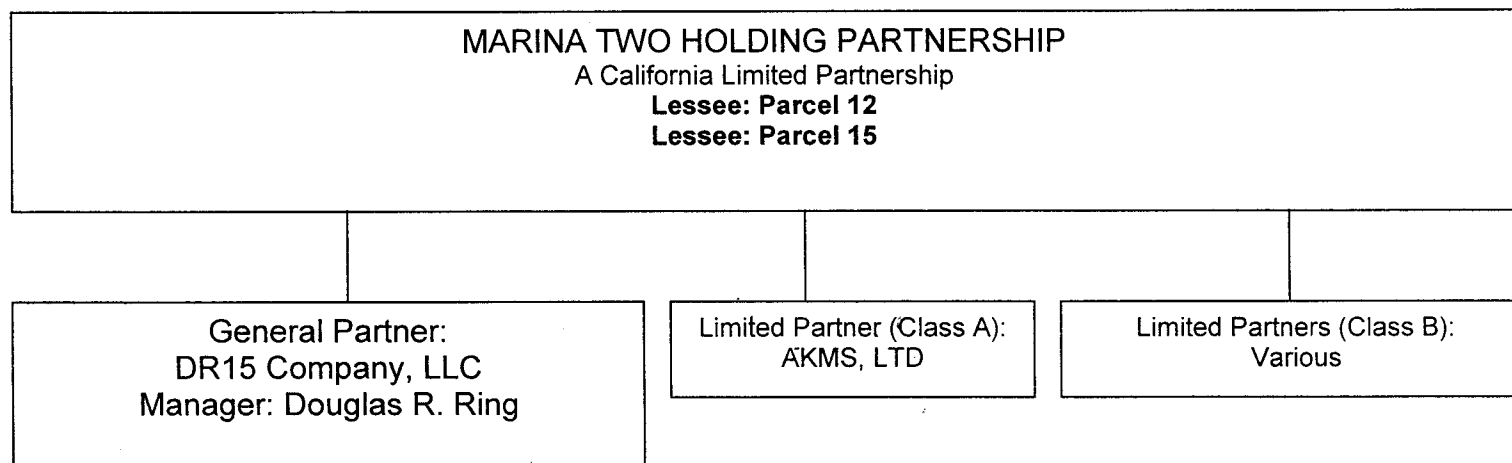
EXHIBIT 5

**OWNERSHIP DIAGRAM
PARCEL 12R & 15U**

NOVEMBER 4, 2003

EXHIBIT 5

CURRENT



PROPOSED

